

SENATE BILL 3095

By Kilby

AN ACT to amend Tennessee Code Annotated, Title 71, relative to essential access payments in the TennCare program.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act may be known and cited as the "Act to Save Rural Hospitals of 2008".

SECTION 2. Tennessee Code Annotated, Title 71, Chapter 5, Part 1, is amended by adding the following as a new section:

Section 71-5-____.

(a) (1) Essential access payments to providers participating in the TennCare program pursuant to appropriations made in the annual general appropriations act shall be paid in accordance with the provisions of this section.

(2) Seventy-five percent (75%) of appropriated funds for such payments shall be distributed in accordance with the formula in effect for distribution of essential access payment for fiscal year 2007-2008.

(3) Twenty-five percent (25%) of appropriated funds for such payments shall be distributed only to rural hospitals in accordance with the provisions of subsections (b) through (d), inclusive.

(b) The only provider which qualifies for essential access payments pursuant to subdivision (a)(3) is a rural hospital which is a hospital, as such term is defined in Section 68-11-201, that is located in county having a population of less than eighty-eight thousand (88,000) according to the 2000 federal census or any subsequent federal

census and that has a fifteen percent (15%) or greater TennCare utilization. TennCare utilization is based on TennCare adjusted days as found in the Joint Annual Report from the most recent year.

(c) Notwithstanding the provisions of subsection (a), hospitals are disqualified for essential access payments that are not participating in the TennCare program at the time of payment or that have not reported or corrected all of the required Joint Annual Report information by the established deadline.

(d) Payments of appropriated funds pursuant to subdivision (a)(3) shall be determined in accordance with the methodology provided in this subsection.

(1) Each qualifying hospital shall be assigned a reimbursement rate that is based on TennCare adjusted days as a percentage of total adjusted days as follows:

(A) Five hundred dollars (\$500) for utilization that is greater than, or equal to, fifteen percent (15%) and less than twenty five percent (25%);
and

(B) Seven hundred dollars (\$700) for utilization that is greater than, or equal to, twenty five percent (25%).

(2) The reimbursement rate determined pursuant to subdivision (1) shall be multiplied by the TennCare adjusted days for each hospital.

(3) The amounts resulting from subdivision (2) for each qualifying hospital shall be added together and are the basis for the pro rata allocation of funds made available for distribution.

SECTION 3. The commissioner of finance and administration is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and

regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.